

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
BUSINESS REGULATION AND ENFORCEMENT DIVISION**

IN THE MATTER OF:)
)
YOUTH SOLUTIONS, INC.) ADMINISTRATIVE
) PROCEEDING
) No: C-05-0482
)
RESPONDENT)
)

**SUMMARY CEASE AND DESIST ORDER AND
NOTICE OF INTENT TO IMPOSE ADMINISTRATIVE PENALTY**

The SECRETARY OF STATE OF MISSISSIPPI, by and through James O. Nelson, II, Assistant Secretary of State for the Business Regulation and Enforcement Division, hereby issues this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty to YOUTH SOLUTIONS, INC. (hereinafter "YSI") and in support hereof, states the following:

I. JURISDICTION

The Business Regulation and Enforcement Division of the Office of the Secretary of State (hereinafter "Division"), having the power to administer and to regulate charitable solicitations under the Regulation of Charitable Solicitation Act, codified at Miss. Code Ann. §§79-11-501 to 79-11-529 (hereinafter "Act"), upon due consideration of the subject matter hereof, and having reason to believe that Respondent is using a charitable appeal in its "for profit" sales activities and is therefore, soliciting from the State of Mississippi, has determined the following:

II. FINDINGS OF FACT

1. YSI can be served with this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty at 8125 Highway 78 West, Byhalia, Mississippi 38611-9466.
2. YSI is a corporation organized under the laws of the State of Missouri. YSI has not filed a certificate of authority with the Mississippi Secretary of State.
3. YSI has a branch office in Byhalia, Mississippi.
4. YSI is an organization specializing in job/business training. Employees of YSI sell magazines door-to-door.
5. Employees of YSI are using a "charitable appeal" in their sales as a means to market the magazines.
6. YSI has not registered with the Division at any time prior to the issuing of this Order.
7. On November 22, 2005, Bill Wilkerson (hereinafter "Wilkerson"), Division Director, traveled to Byhalia, Mississippi to interview the branch manager regarding complaints about employees using a charitable appeal as tactic to market the magazines. At that time, YSI assured Wilkerson that the use of a charitable appeal to sell magazines was not part of the corporately approved marketing plan. The branch manager assured Wilkerson that YSI had corrected the sales approach of its representatives.
8. On December 21, 2006, Patricia Melvin sent a letter to YSI confirming that the charitable appeal was not part of YSI's approved marketing plan and that YSI had taken action to address the use of charitable appeals by its sales staff. The letter also notified

YSI of the need to register with the Division should circumstances change and YSI elect to use a charitable appeal in its sales. A copy of Patricia Melvin's letter is attached as Exhibit "A".

9. On June 29, 2006, the Division received another complaint that YSI representatives working in North Carolina were using a charitable appeal as a means to market the magazines.

III. APPLICABLE STATUTORY PROVISIONS

10. Miss. Code Ann. §79-11-501(a)(i) defines a charitable organization as follows:

- (A) Any person determined by the Internal Revenue Service to be a tax exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code; or
- (B) Any person actually or purporting to be established for any voluntary health and welfare, benevolent, philanthropic, patriotic, educational, humane, scientific, public health, environmental conservation, civic, or other eleemosynary purpose or for the benefit of law enforcement personnel, fire fighters, or other public safety organizations, **or any person employing in any manner a charitable appeal as the basis of any solicitation or an appeal that suggests that there is a charitable purpose to any solicitation** and includes each local, county or area division within this state of such charitable organization, provided such local, county or area division has authority and discretion to disburse funds or property otherwise than by transfer to any parent organization (*emphasis added*).

11. Miss. Code Ann. §79-11-501(j) defines a solicitation as follows:

"Solicitation" or "solicit" means the request, directly or indirectly, for money, credit, property, financial assistance, or any other thing of value on the plea or representation that such money, credit, property, financial assistance, or any other thing of value **or a portion of it will be used for a charitable purpose** or will benefit a charitable organization. "Solicitation" or "solicit" includes, but is not limited to, the

following methods of requesting or securing money, credit, property, financial assistance or any other thing of value: . . .
(*emphasis added*).

12. With respect to solicitation by charities, Miss. Code Ann. §79-11-503(1) states as follows:

Except as otherwise provided in Section 79-11-505 and **prior to any solicitation of contributions**, every charitable organization as defined in Section 79-11-501 which solicits or intends to solicit contributions by any means whatsoever **shall file a registration statement** with, and pay a filing fee of Fifty Dollars (\$50.00) to, the Secretary of State. . .
(*emphasis added*).

III. CONCLUSIONS OF LAW

The previous paragraphs are incorporated herein by reference.

13. YSI is a charity as defined by Miss. Code Ann. § 79-11-501(a)(1)(B).
14. YSI has engaged in solicitation as defined by Miss. Code Ann. § 79-11-501(j).
15. YSI is soliciting while unregistered in violation of Miss. Code Ann. § 79-11-503(1).

IV. NOTICE OF INTENDED ACTION

The previous paragraphs are incorporated herein by reference. As provided in Miss. Code Ann. §79-11-509(4) (2002), the Secretary of State intends to take the following action:

A. Order YOUTH SOLUTIONS, INC. to **CEASE AND DESIST** from further illegal activity in the State of Mississippi; and

B. Impose an administrative penalty of up to Twenty-five thousand dollars (\$25,000.00) for each offense, each violation to be considered a separate offense in a single proceeding. This order shall remain in effect until further order of the Secretary of State.

V. PUBLIC INTEREST

The proposed actions are in the public interest and are consistent with the purposes set out in Miss. Code. Ann. §79-11-501, et seq. (2001).

VI. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty.

VII. RIGHT TO AN ADMINISTRATIVE HEARING

An administrative hearing may be requested in this matter. Any such request shall be made in writing within thirty (30) days from the date of receipt of this Order. The request must be addressed to James O. Nelson, II, Assistant Secretary of State, Post Office Box 136, 700 North Street, Jackson, Mississippi 39205-0136.

If an administrative hearing is requested, written notice of the date, time and place will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer.

In the event such a hearing is requested, the Respondent may appear, with or without the assistance of an attorney, at the date, time and place specified and cross-examine witnesses, present testimony, evidence and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondent's behalf at the hearing relating to the matters contained herein. In the event such a written notice is not received within said thirty (30) day period of time, a **FINAL CEASE AND DESIST ORDER AND ORDER IMPOSING ADMINISTRATIVE PENALTY** may be entered in this proceeding with no further notice.

VIII. ORDER

IT IS THEREFORE ORDERED, pursuant to the authority set out in the Act that Respondent, **YOUTH SOLUTIONS, INC.**, shall immediately **CEASE AND DESIST FROM FURTHER ILLEGAL ACTIVITY** as defined by Miss. Code Ann. §79-11-501, et. seq. (Rev. 2001).

BE ADVISED THAT, a willful violation of this Summary Cease and Desist Order may be punishable upon conviction by a fine of not more than Twenty-five Thousand Dollars (\$25,000) or five (5) years imprisonment, or both, in addition to civil and administrative remedies available to the Division.

SO ORDERED, this the 20th day of August, 2006.

ERIC CLARK
Secretary of State
State of Mississippi

BY: 

JAMES O. NELSON, II
Assistant Secretary of State
Business Regulation and Enforcement


Patricia Melvin, MSB #2865
Mississippi Secretary of State's Office
700 North Street
Post Office Box 136
Jackson, MS 39205-0136
Tel. (601)359-1650
Fax (601)359-1499

CERTIFICATE OF SERVICE

I, Patricia Melvin, do here by certify that I have this day mailed via Certified Mail, postage pre-paid, a true and correct copy of the Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty to the following:

YOUTH SOLUTIONS, INC.
8125 Highway 78 West
Byhalia, MS 38611-9466

This, the 30th day of August, 2006.



PATRICIA MELVIN
Senior Attorney
Business Regulation and Enforcement

Patricia Melvin, MSB #2865
Mississippi Secretary of State's Office
700 North Street
Post Office Box 136
Jackson, MS 39205-0136
Tel. (601)359-1650
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STATE OF MISSISSIPPI
SECRETARY OF STATE
ERIC CLARK

700 NORTH STREET
POST OFFICE BOX 136
JACKSON, MISSISSIPPI 39205-0136

TELEPHONE (601) 359-1350
FACSIMILE (601) 359-1499

December 21, 2005

Ms. Cherice Jamison
Youth Solutions, Inc.
8125 Highway 78 West
Byhalia, Mississippi 38611-9466

Dear Ms. Jamison:

Thank you for taking the time recently to meet with Bill Wilkerson, Director of the Business Regulation and Enforcement Division of the Mississippi Secretary of State's Office (hereinafter "Division"). This Division is charged with enforcing the Mississippi Regulation of Charitable Solicitations Act.

As you know, the Division received a complaint alleging that your organization was using a charitable appeal in its magazine sales. Based on your meeting with Mr. Wilkerson, it is our understanding that this is not part of your approved marketing program. Further, it is our understanding that you have taken action to address this with your sales staff and refunded the purchase price of the subscriptions that were sold in this manner.

If in the future you elect to use a charitable appeal in your magazine sales, you will need to register with the Division immediately. Thank you for your cooperation. We wish you and your organization success in your endeavors. If you have any questions or if we can be of any assistance to you, please contact me at (601) 359- 1650 or by email at tmelvin@sos.state.ms.us.

Sincerely,

PATRICIA MELVIN
Senior Attorney
Business Regulation and Enforcement

